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## OCCASION

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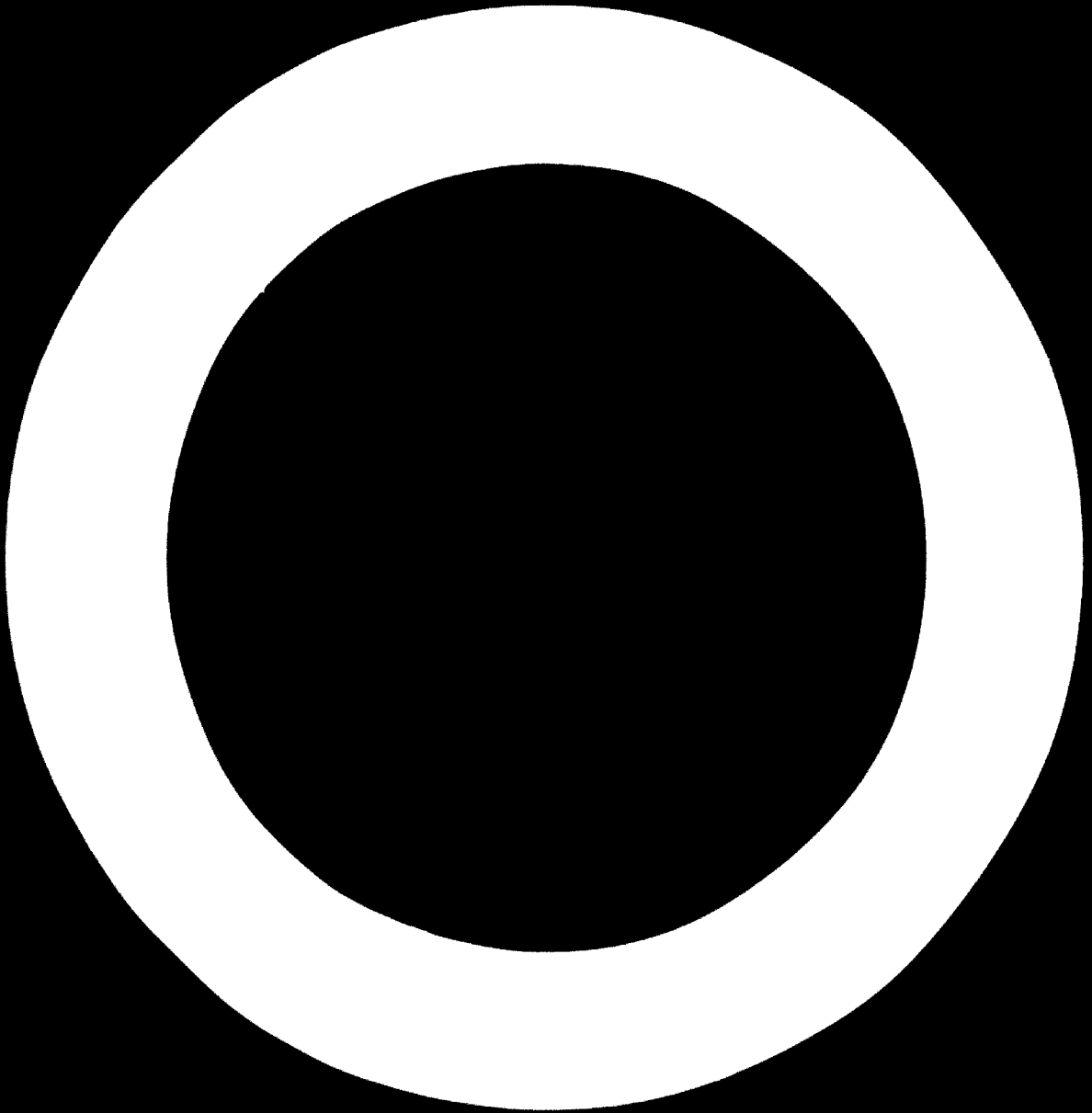
R<sup>1</sup> Country Paper<sup>1/</sup>:

PAPUA NEW GUINEA

(1075)

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Papua New Guinea's framework for industrial development is geared towards expansion of the present industrial base and the broadening of that base through new activities in line with the overall national development aims of the Government. In order to be compatible with the aspirations of the national aims Industrial Development must specifically:

1. Promote self-reliance by generating Government revenue, increasing exports and replacing selected imports with locally produced products.
2. Promote rural development by increasing income earning opportunities in rural areas and providing inputs to agriculture and the rural sector in general.
3. Create productive employment opportunities and in particular create job opportunities to deal with problems of urban drift and the increasing number of unemployed school leavers.
4. Provide opportunities for manpower development through the acquisition of entrepreneurial management and technical skills.
5. Contribute to regional equality through the dispersal of industrial growth.

Industrial Development activities in Papua New Guinea must be taken in the context of priority development aims in agriculture development and the development of the country's natural resources. The development of

the country's industrial base is seen as a complementary aim to these priority areas.

Within the industrial sector the Government is concentrating its efforts in and has given recognition to the need for private enterprises both local and foreign. Additionally it is the policy of the Government to seek to maximise the participation of Papua New Guineans in all private enterprise projects. To this end a number of entrepreneurial activities have been reserved for Papua New Guineans. The focus within these activities has been on the development of appropriate technologies for villages and small scale industries and the promotion of these industries in both rural and urban sectors to serve local demand.

The Government is also conscious of the need for and the benefits which can accrue from foreign investment when contributing to the overall development aims. The policy of the Government is to encourage such foreign investment in selected sectors and activities, in so doing the Government has moved away from an open door approach to a more selective one. The instrument through which this selectivity is effected is the National Investment Priorities Schedule (NIPS). The Priorities Schedule specifies particular activities in which foreign investment is presently being sought and is actively encouraged by the Government of Papua New Guinea. These activities include specific manufacturing activities, fishing, forest exploration, exploring for and extraction of minerals and natural hydrocarbons, construction, professional services, etc. The NIPS also indicate those activities which are reserved for Papua New Guinean investment.

In general the Government looks to foreign investors

providing for all the capital needs from external finance for foreign investment projects. In general also Papua New Guinean participation is effected in these projects through the Government seeking direct equity participation. This equity participation is selective and tends to concentrate in activities which will foster new development and the creation of new job opportunities. The Government provides finance and support to local business undertakings through the Development Bank and other Government programmes aimed at promoting indigenous businesses.

Direct Government investment will only be made in those priority areas where it has not been possible to attract private investment or in areas which are considered to be key areas of national interest. Where such investment is made the Government would look to such agencies as UNIDO to provide the necessary technical skills. Taking into consideration the rich natural resources of the country the Government has deemed it important that development of industrial activity be of a secondary industry nature based on these resources in order to ensure their proper utilisation and to maximise the benefits to the nation at a minimum cost in both social and environmental terms.

These policies outline in brief the steps in planning for the development of a strong industrial sector in Papua New Guinea.

The longer term plans of the Government is to consider linkages and interdependencies between the different sectors in the economy so that industrial activities can be integrated and linked at the regional level.

The constraining factors in Industrial Development plans and programmes are basically financial and human resources. The most constraining human resource is the lack of technological skills and it is in this area that we look to UNIDO.

Specific programmes and detailed policy are, as would be expected, in a newly independent State, evolving but having not yet emerged in the form of a coherent, strategic development plan. Problems are tackled in the interim on an ad hoc basis. However, the needs for technical assistance have been identified in specific areas. Accordingly the Government of Papua New Guinea would welcome from UNIDO proposals for technical assistance programmes in the following areas:

1. Integrated timber processing.
2. The development of handicraft industry.
3. The development of light engineering industry.
4. Agro based and food processing industry.

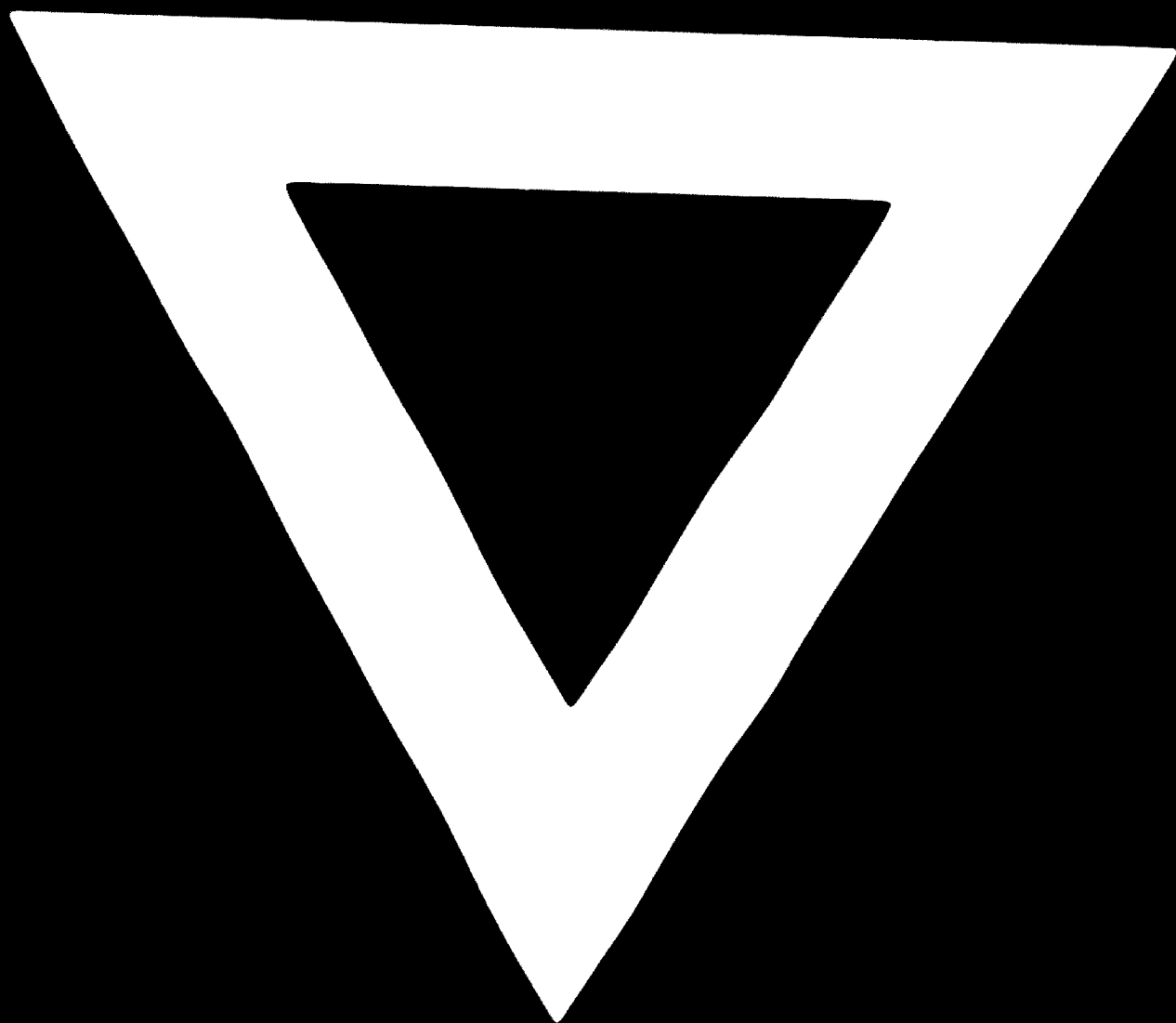
Recently following the identification of the need for UNIDO technical assistance by a small industries expert team from India a programme was devised under three main headings:

1. International expert services.
2. Fellowship for indigenous extension officers.
3. Funds for machinery and equipment for the proposed regional extension centres.

We feel that this development is a most relevant and welcome input by UNIDO and we look forward to the development of such programmes as a component part of our Industrial Development strategy.







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